

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CINCINNATI BELL)	
TELEPHONE COMPANY FOR)	
AUTHORITY TO ADJUST ITS RATES)	CASE NO. 98-292
AND CHARGES AND TO CHANGE)	
REGULATIONS AND PRACTICES)	
AFFECTING SAME)	

O R D E R

IT IS ORDERED that Cincinnati Bell Telephone Company ("CBT") shall file the original and 10 copies of the following information with the Commission with a copy to all parties of record no later than September 22, 1998. CBT shall furnish with each response the name of the witness who will be available to respond to questions concerning each item of information requested should a public hearing be scheduled.

1. Provide by month for the years 1996 and 1997 and for the most recent year to date period for 1998, revenues, expenses and taxes by Part 32 account.
2. Adjustment 2 reflects the "elimination" of all restructuring charges from the test year. If this is an elimination, why is it an addition to expenses?
3. Adjustment 4 reflects the increase in expense limits for assets from \$500 to \$2000. Since these items are now amortized, was an adjustment made to depreciation to reflect the fact that these items will not be depreciated? If no, why not? Over what period of time is the amortization taking place?
4. In 1995, approximately 1300 employees left the company. The 1997 Annual Report states that this reduction was due to the need for fewer employees to operate the

business of CBT. Does the "net change in employees" adjustment reflect additional employees to replace the 1300 who left? If yes, why was it necessary to replace these employees so soon after the "downsizing"?

5. Are there any flood related expenses or insurance recoveries included in the test year? If so, please provide the amounts and the months booked. Are there expenses or revenues related to the flood yet to be recognized? If so, what are the amounts?

6. Are there any FASB 71 related expenses recorded in the test year? If yes, what is the amount and in what months were they recorded?

7. Provide a copy of the most recent contract with Cincinnati Bell Directory, Inc. Explain your statement that CBT will be treated like any other directory provided in its territory.

8. Provide the following information for the test year if included in net operating income:

- a. Allowance for funds used during construction and recorded "below the line."
- b. Concession service granted to all employees, retirees and directors.
- c. All expenses for lobbying and political action committees.
- d. Any out-of-period adjustments included in the test year.
- e. All contributions to charitable organizations and foundations.
- f. All expenditures for employee memberships and entertainment and for any incurred expenses in the test period relating to any sporting events, golf tournaments, or other similar expenses.

- g. All association fees and dues.
 - h. Provide the revenues, income before taxes and the invested capital of Cincinnati Bell Directory, Inc. for the test year.
- 9. If CBT leases office space to any affiliates or any outside company, show the accounts to which the lease revenues and expenses are recorded.
 - 10. Provide on a monthly basis the balances in Account 1180, Unbilled Revenues.
 - 11. Provide the amount included in the test year for incentive compensation paid to employees through any incentive award plan administered by CBT.
 - 12. Provide the amount of bonus expenses allocated to CBT from any other entity under the corporate umbrella.
 - 13. Provide an analysis of CBT's payroll clearing accounts for the test year.
 - 14. Provide a schedule showing any supplemental executive retirement plan funds included in the test period, whether directly incurred or allocated from another affiliated entity.
 - 15. Provide the profit margin for any affiliated company providing services or products to CBT.
 - 16. Provide the amount included in the test period for any fees paid to outside consulting groups and the basis for amortizing the total amount due those groups.
 - 17. Provide invoices in excess of \$1,000 for items included in the External Relations Account.
 - 18. Provide a schedule showing the calculations of state and federal income taxes and other state and local taxes for Kentucky, Ohio and Indiana.

19. On Exhibit 31-Attachment 6 is shown a jurisdictional factor for revenues. Explain. Are these factors used to allocate revenues or are revenues directly attributable by jurisdiction?

20. Reconcile CBT's proposed measured service offerings with the Commission's findings in Administrative Case No. 285.¹

21. Explain the elimination of hotel service and related directory assistance exemptions in light of the Commission's findings in Administrative Case No. 285.

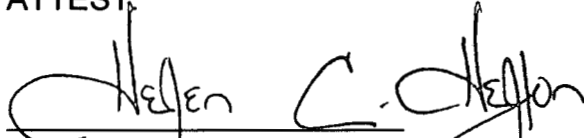
22. Provide a detailed explanation of CBT's proposed changes to its access charges.

23. Compare and contrast CBT's proposed cell categories with those approved for BellSouth Telecommunications, Inc. in Case No. 94-121.²

24. Provide a detailed explanation of CBT's proposed changes to its payphone services.

Done at Frankfort, Kentucky, this 9th day of September, 1998.

ATTEST:


Executive Director

PUBLIC SERVICE COMMISSION


For the Commission

¹ Administrative Case No. 285, An Investigation into the Economic Feasibility of Providing Local Measured Service Telephone Rates in Kentucky.

² Case No. 94-121, Application of BellSouth Telecommunications, Inc., d/b/a South Central Bell Telephone Company to Modify Its Method of Regulation.